

# **State of Alaska FY2004 Governor's Operating Budget**

## **Department of Community & Economic Development State Revenue Sharing Component Budget Summary**

## **Component: State Revenue Sharing**

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### **Component Mission**

To improve local governments' fiscal capacities and to assure no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state.

### **Component Services Provided**

1. Direct financial assistance through the formula-based State Revenue Sharing Program.
2. Direct vendor payments on behalf of local governments to entities such as the Alaska Municipal League/Joint Insurance Association Inc. for insurance premiums and Yukon Fuel for bulk fuel purchases.

### **Component Goals and Strategies**

1. To improve the fiscal capacities of Alaska's local governments.
2. To distribute program funding in an accurate, fair, and timely manner.

### **Key Component Issues for FY2003 – 2004**

The State Revenue Sharing and Safe Communities programs continue to be important sources of funding for Alaska's local governments, particularly the small rural cities that have little or no tax bases. For many of the rural cities, these funds still represent a significant portion of their operating budgets. In FY 86, these programs totaled \$140,939,000; in FY 03 these programs totaled \$29,630,700, nearly an 80% decrease in annual funding before adjustments for inflation.

Funding distributed to local governments under this program will be reduced by 25% in FY 2004 (see also services changes).

### **Major Component Accomplishments in 2002**

Distributed State Revenue Sharing Program payments in an accurate, fair and timely manner.

### **Statutory and Regulatory Authority**

AS 29.60.010-.310	State Revenue Sharing
3 AAC 30.010-.150	State Revenue Sharing

**State Revenue Sharing**  
**Component Financial Summary**

*All dollars in thousands*

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	12,855.2	12,855.2	9,641.4
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>12,855.2</b>	<b>12,855.2</b>	<b>9,641.4</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	12,855.2	12,855.2	9,641.4
<b>Funding Totals</b>	<b>12,855.2</b>	<b>12,855.2</b>	<b>9,641.4</b>

**State Revenue Sharing**

**Proposed Changes in Levels of Service for FY2004**

Funding distributed to local governments under this program will be reduced by 25% in FY 2004.

This reduction could result in the following:

- Municipal Dissolution
- Reduction in Public Services
- Deteriorating Infrastructure
- Insurance Unavailability and Rate Increases
- Increased IRS and ESC problems and levies
- Decline in Urban/Rural Business Activity
- Increased Local Taxes

**Summary of Component Budget Changes**

**From FY2003 Authorized to FY2004 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	12,855.2	0.0	0.0	12,855.2
<b>Proposed budget decreases:</b>				
-Decrease State Revenue Sharing	-3,213.8	0.0	0.0	-3,213.8
<b>FY2004 Governor</b>	<b>9,641.4</b>	<b>0.0</b>	<b>0.0</b>	<b>9,641.4</b>